



m/037/084

July 1, 2004

Ms. Joelle Burns  
Utah Department of Natural Resources  
Division of Oil Gas & Mining  
P. O. Box 145801  
Salt Lake City, UT 84114-5801

RE: Papoose Mine, File # M/037/084

Dear Ms. Burns:

Cotter Corporation's insurance broker has researched and requested bids from bonding companies to handle Cotter's bonds for the next several years.

As a result Cotter has made a business decision to change bonding companies from The Travelers to ACE American Insurance Company, a member of ACE INA Group. I have included a printout showing the A M Best financial strength rating of "A" (Excellent). Other details concerning the Best Rating are included.

If this company is acceptable Cotter will proceed with the changeover of bonds that are currently held by you. If you have any questions please reply to me no later than July 19, 2004.

Thank you for your prompt attention to this matter.

Sincerely,

Jerry L. Powers  
Manager of Administration

Cc: S. Landau, Cotter

RECEIVED

JUL 06 2004

DIV. OF OIL, GAS & MINING

Member of **ACE INA Group**

A.M. Best #: 02257 NAIC #: 22667

View a [list of group members](#) or [the group's rating](#)



**Best's Rating**

**A (Excellent)\***

**Financial Size Category**

**XIV (\$1.5 billion to \$2 billion)**

*\*Ratings as of 06/25/2004 11:59:10 AM E.S.T.*

**Rating Category (Excellent):** Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing obligations to policyholders.

**Important Notice:** Best's Ratings reflect our **opinion** based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. These ratings are **not a warranty** of an insurer's current or future ability to meet its contractual obligations. View our [entire notice](#) for a complete details.

Companies interested in placing a **Best's Security Icon** on their web site to promote their financial strength may [register online](#).

---

**Copyright © 2004 by A.M. Best Company, Inc. ALL RIGHTS RESERVED**

No part of this information may be distributed in any electronic form or by any means, or stored in a database or retrieval system, without the prior written permission of the A.M. Best Company. Refer to our [terms of use](#) for additional details.

02257 - ACE American Insurance Company

Member of **ACE INA Group**

A.M. Best #: 02257 NAIC #: 22667

P.O. Box 41484 Philadelphia, PA 19101-1484

Phone: 215-640-1000

[www.ace-ina.com](http://www.ace-ina.com)

Stock Ticker: **Not Available**

Structure: **Stock**

Business Commencement: **1946**

Marketing: **Independent Agency**

Click for the latest **Best's Rating** or other members of this group.

---

**Copyright © 2004 by A.M. Best Company, Inc. ALL RIGHTS RESERVED**

No part of this information may be distributed in any electronic form or by any means, or stored in a database or retrieval system, without the prior written permission of the A.M. Best Company. Refer to our [terms of use](#) for additional details.

## Best's Company Report

### 02257 - ACE American Insurance Company

**Price:** \$75 •

**Delivery:** e-mail

**BUY NOW** 

See Note below for  
discount information

The report is available for purchase from our secure eCommerce system. A Best's Company Report provides detailed business overview, extensive financial data, analytical commentary, as well as our financial strength rating and rationale where applicable. View a [complete overview](#) of this report including a sample.

Registered Products:

- No Current Subscription

Online Purchase Status:

- No recent purchase

**Report Revision Date:** 6/22/2004 (represents the latest significant change).

Other key dates used in the creation of this company report are:

- Best's Rating: 06/22/2004 • Rating Rationale: 06/22/2004 • Report Commentary: 06/17/2003
- Financial Data: 1st Quarter - 2004 as of 06/17/2004 Status: As Received

\*Note: Registered subscribers to our Best's Insurance Reports may purchase online company reports from that edition for \$50 (a 33% discount). Print subscribers please contact **Customer Support** at (908) 439-2200 x5742 for registration numbers and [Register](#) your product online.

---

Purchases may be made by credit card, phone, or using a **Best's Online Account**. To place your order by phone, contact our Customer Service Department at (908) 439-2200 ext. 5742 Monday through Friday 8:30 am to 4:30 pm ET.



## GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Rating is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile. Best's Ratings are not a warranty of a company's financial strength and ability to meet its obligations to policyholders.

### Financial Strength Ratings

A Best's Financial Strength Rating (FSR) is an opinion of an insurer's ability to meet its obligations to policyholders.

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing obligations to policyholders.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing obligations to policyholders.
	B++, B+	Very Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing obligations to policyholders.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their current obligations to policyholders, but are financially vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their current obligations to policyholders, but are financially vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their current obligations to policyholders, but are financially very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their current obligations to policyholders and are financially extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) that have been placed by an insurance regulatory authority under a significant form of supervision, control or restraint whereby they are no longer allowed to conduct normal ongoing insurance operations. This would include conservatorship or rehabilitation, but does not include liquidation. It may also be assigned to companies issued cease and desist orders by regulators outside their home state or country.
	F	In Liquidation	Assigned to companies that have been placed under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company. Note: Companies that voluntarily liquidate or dissolve their charters are generally not insolvent.
	S	Suspended	Assigned to companies that have experienced sudden and significant events affecting their balance sheet strength or operating performance and whose rating implications cannot be evaluated due to a lack of timely or adequate information.

### Rating Modifiers and Affiliation Codes

A rating modifier can be assigned to indicate that a Best's Rating may be subject to near-term change (under review), that a company did not subscribe to Best's interactive rating process (public data) and that the rating is assigned to a syndicate operating at Lloyd's. Affiliation codes (g, p, and r) are added to Best's Ratings to identify companies whose assigned ratings are based on group, pooling or reinsurance affiliation with other insurers.

	Modifier	Descriptor	Definition				
Rating Modifiers	u	Under Review	A modifier that generally is event-driven (positive, negative or developing) and is assigned to a company whose Best's Rating opinion is under review and may be subject to change in the near-term, generally defined as six months.				
	pd	Public Data	Assigned to insurers that do not subscribe to Best's interactive rating process. Best's "pd" Ratings reflect qualitative and quantitative analyses using public data and information.				
	s	Syndicate	Assigned to syndicates operating at Lloyd's.				
Affiliation Codes		g	Group	p	Pooled	r	Reinsured

### Not Rated Categories (NR)

Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating. The five categories are:

NR-1: Insufficient Data.	NR-2: Insufficient Size and/or Operating Experience.	NR-3: Rating Procedure Inapplicable.
NR-4: Company Request.	NR-5: Not Formally Followed.	

### Rating Outlook

Best's interactive Ratings (A++ to D) are assigned a Rating Outlook that indicates the potential direction of a company's rating for an intermediate period, generally defined as the next 12 to 36 months. Rating Outlooks, which appear in the rating rationale section of the company's *Best's Company Report*, are as follows:

Positive	Indicates a company's financial/market trends are favorable, relative to its current rating level and, if continued, the company has a good possibility of having its rating upgraded.
Negative	Indicates a company is experiencing unfavorable financial/market trends, relative to its current rating level and, if continued, the company has a good possibility of having its rating downgraded.
Stable	Indicates a company is experiencing stable financial/market trends and there is a low likelihood that its rating will change in the near term.

Best's Ratings are distributed via press release and/or the A.M. Best Web site at [www.ambest.com](http://www.ambest.com), and are published in the *Rating Monitor* section of *BestWeek*®. Best's Ratings are proprietary and may not be reproduced without permission.  
Copyright © 2004 by A.M. Best Company, Inc.

Version 011304